

Q. What is carbon exchange?

A. Carbon trading has emerged recently as a means of reducing carbon dioxide emissions into the atmosphere. Through the Chicago Climate Exchange (CCX), greenhouse gas “credit” are traded. One carbon credit is equal to one metric ton of carbon dioxide. Companies looking to voluntarily regulate their carbon emissions can purchase credits to offset their carbon emissions; these credits come from landowners who can see the carbon that has been sequestered on their land through either forestry or agricultural means.

Q. Where does this money come from?

A. Companies who are regulating their carbon emissions can purchase carbon credits in order to offset their own emissions.

Q. What incentives do companies have to join the Chicago Climate Exchange?

A. At this time participation in the CCX is voluntary in the US; however, in the European Union, and other nations currently participating in the Kyoto Protocol, carbon exchange is an important aspect of meeting emission limits that are enforced by law. This may soon be the case in the US as well, and companies may benefit legally from taking early action. By voluntarily following emission limits, companies can enhance the environmental sustainability of their business, an aspect that many consumers are looking to support as environmental awareness grows.

Q. How does planting trees reduce carbon in the atmosphere?

A. Healthy, growing trees remove carbon dioxide from the atmosphere and release oxygen through the process of photosynthesis. While trees can also release carbon dioxide through decomposition, healthy growing forests usually have net gains in carbon.

Q. How will it be verified that the land meet qualifications?

A. An approved verifier will confirm the enrolled land meets all eligibility criteria and the actual amount of sequestered carbon.

Q. What is an aggregator?

A. An aggregator is an organization that “pools” offset projects from multiple landowners so they can be sold on the open market.

Q. Will I as the landowner pay fees to the aggregator?

A. Yes, aggregator generally take varying percentages, usually 10%, of the payments earned from the sale of carbon credits before sending the landowner their portion of the revenue.

Q. How many trees do I need to plant per acre?

A. There is no limit; however planting between 400 and 750 trees per acre will yield the most carbon credits.

Q. Does it matter when I planted these trees?

A. Yes! Since the Kyoto Protocol was established to reduce emissions from the 1990 level, only trees planted, or regenerated, after 1990 are eligible.

Q. What are vintage credits?

A. Carbon credits for forestry projects are retroactive. This means that any forest planted or regenerated since 1990 can be enrolled for vintage carbon credits. Currently, the CCX allows landowners to claim credits all the way back to 2003.

CARBON CREDITS – FREQUENTLY ASKED QUESTIONS

Q. How much land do I need to own to qualify?

A. There is no minimum number of acres to qualify. In the last pool verified by Mississippi Forestry Commission (MFC), landowners were enrolled with as little as ten acres.

Q. Would I earn more or less money due to various types of land use?

A. Yes, forested land, on average, earns nearly four times as much carbon credits as land planted in grasses.

Q. What paperwork will I need to complete

A. Landowners interested in participating must sign a contract with a CCX approved aggregator.

Q. How much money can I expect?

A. This depends on the amount of land that is enrolled, geographic location, species, age of trees, and market conditions. For every one metric ton of carbon dioxide equivalent that your forestland is sequestering annually, you will have earned one carbon credit. Currently (June 2008), carbon credits are trading for \$3.50. Landowners, on average, can expect \$10 -20 per acre in revenue from the sale of carbon credits.

Q. Will I be paid only one time, or will it be continual?

A. Payments will be continual. However, carbon credits are sold at the discretion of the aggregator. Typically, aggregators make payments at least once per year.

Q. How often do landowners receive checks?

A. This is dependent upon the aggregator, but typically at least once per year.

Q. Will the amount of money fluctuate or change?

A. Yes. Just as the stock market values fluctuate due to varying demands, the carbon exchange functions in a similar manner.

Q. Will being involved in this program change my taxes, subsidies or other government funding?

A. Carbon credits are simply an additional form of income, and as such, must be report as income.

Q. Is there any maintenance work involved?

A. No.

Q. Is there a contract? Do I need to keep land forested for a certain amount of time?

A. Currently, contracts require that forests be maintained for fifteen years. After this, contracts can be renewed if desired. These contracts are legally binding once signed. During the years that the land is in contract, the CCX will retain 20% of carbon offset in the reserve pool. If the contract is not broken, and no other losses to carbon stocks occur, then at the end of the contracted agreement, the credits will be sold and revenue will go to the landowner.

Q. Why does CCX retain 20% of carbon offsets in a reserve pool?

A. This is done to compensate for potential losses in stored carbon due to natural disasters (tornadoes, hurricanes, wildfire, insects, etc.).

Q. Can I, as a forest landowner harvest timber?

A. Projects enrolled in the managed forests protocol are allowed to harvest timber. However, losses in carbon credits from timber harvest must be accounted.

CARBON CREDITS – FREQUENTLY ASKED QUESTIONS

Q. Can any species that I plant qualify, or will some species earn more money than others?

A. Faster growing species, will accumulate carbon faster, thus increasing the amount of carbon credits; however, having diverse carbon crops is not only more ecologically sound, but will bring other benefits as well as buffer from losses due to disease or pests.

Q. How long is the landowner commitment to the carbon credit program once enrolled?

A. Currently the commitment period is fifteen years.

Q. Does the credit amount increase for the landowner as the stands of trees enrolled in the program mature?

A. Yes. As the trees grow older, they are able to sequester more carbon up to a certain point, and then it levels off before declining.

Q. What kinds of trees qualify for the carbon credit program?

A. Most native trees species qualify for the carbon credit program. To date, all verified land has consisted of pine trees (loblolly pine).

Q. What is the current market price for carbon credits?

A. As of June 2008, the price is \$3.50 per credit. It has been as high as \$7.50 per credit.

Q. How is carbon measured?

A. Carbon may be measured by using reference tables that are based on the species, age, and geographic location to determine a per acre rate. Computer models can also be used to determine carbon storage based on a forest inventory for an entire project.

Q. Who does the calculations?

A. An aggregator or consultant working for the landowner.

Q. How are calculated credits verified?

A. Verifiers audit the paperwork that is submitted by aggregators to confirm that the enrolled land meets all eligibility criteria, carbon has been correctly quantified, and supporting documentation is present. Site visits are also conducted to confirm species, acreage, age, and the accuracy of forest inventory data (number of trees and volume).

Q. Who is eligible to participate?

A. All forest landowners who manage land sustainably and meet certain other conditions are eligible to participate in the program.

Q. How many acres minimum for participation?

A. There is no minimum number of acres for participation. In the last pool of applicants that TFS verified, some landowners with as few as ten acres were enrolled.

Q. How do landowner enroll?

A. Landowner should contact an approved carbon aggregator or consultant to assist with this process.

Q. Is this program a result of global climate change or global warming?

A. It is difficult to disprove the increasing emission of carbon dioxide in the atmosphere, so it is important for landowner to recognize that there are programs out there that can offset these emissions. Regardless of one's view on climate changes, landowners can be paid to grow trees to offset human caused carbon dioxide emissions.